

# OUTLOOK

A Publication of the South Dakota Retirement System

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## 2002 Board Election Results

### Five SDRS Trustees Begin New Terms

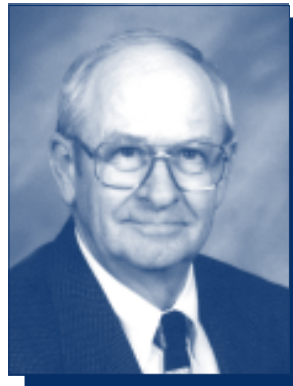
**F**our incumbents and one new representative won races for seats on the SDRS Board of Trustees.



**Louise Loban**

Louise Loban, a benefit specialist at SDSU, was re-elected to her fourth term as the classified employee representative. Ms. Loban has served on the board since 1990.

Royce Hueners, mayor of Madison, was elected as the elected municipal official representative. Mr. Hueners was appointed to this seat in 2001 by the Board of Trustees to fill a vacancy.



**Royce Hueners**

Wesley Tschetter, director of finance and budget at SDSU, was elected as the school board representative.



**Wesley Tschetter**

A former SDRS board member from 1974 to 1985, Mr. Tschetter returned in 2001 to fill a vacant seat.



**Carol Burch**

Unopposed incumbent Carol Burch began her third term as a teacher representative. A teacher in the Belle Fourche school system, Ms. Burch has served on the board since 1994.



**Bryan Gortmaker**

*Continued on the following page...*

Bryan Gortmaker, a DCI supervising agent, was elected to represent Class B Public Safety employees. Mr. Gortmaker is from Brookings and is new to the board.

Elections for representatives to the SDRS board are held in the spring. Each group within SDRS elects its own representatives, who generally serve four-year terms that begin on July 1 and expire on a staggered schedule. However, this year's elections for school board and elected municipal official representatives were held to fill unexpired terms that will end June 30, 2004, and June 30, 2005, respectively.

Membership groups electing trustees next year include: county commissioners; municipal employees; and justices, judges and magistrate judges. 



South Dakota  
Retirement System  
P. O. Box 1098  
Pierre, South Dakota 57501

## 2002 Board Election Results

### CLASSIFIED EMPLOYEES

**8,521 .. Ballots mailed**

**1,406 .. Ballots received (17%)**

**1,380 .. Ballots counted:**

838 ..... Louise E. Loban (Volga)

542 ..... Leone Geppert (Spearfish)

**26 ... Ballots not counted:**

3 ..... Extraneous marks

6 ..... Blank ballot

17 ..... Received after deadline

Margin of victory ..... 296

### SCHOOL BOARD

#### REPRESENTATIVE

**170 ... Ballots mailed**

**48 ... Ballots received (29%)**

**47 ... Ballots counted:**

27 ..... Wesley Tschetter  
(Brookings)

11 ..... Terry Koontz (Sturgis)

9 ..... Roger Risty (Sioux Falls)

**1 ... Ballot not counted:**

1 ..... No signature, as required

Margin of victory ..... 16

### PUBLIC SAFETY EMPLOYEES

**2,082 .. Ballots mailed**

**578 ... Ballots received (28%)**

**567 ... Ballots counted:**

302 ..... Bryan Gortmaker  
(Brookings)

134 ..... James N. Johns  
(Black Hawk)

131 ..... Bruce A. Swan (Sioux Falls)

**11 ... Ballots not counted:**

5 ..... Extraneous marks

6 ..... Received after deadline

Margin of victory ..... 168

### ELECTED MUNICIPAL

#### OFFICIAL REPRESENTATIVE

**135 ... Ballots mailed**

**44 ... Ballots received (33%)**

**42 ... Ballots counted:**

32 ..... Royce D. Hueners  
(Madison)

10 ..... Elbert R. Testerman  
(Dell Rapids)

**2 ... Ballots not counted:**

1 ..... No signature, as required

1 ..... Received after deadline

Margin of victory ..... 22

## Retirement Planning

## How to Get a Handle on Your Retirement Benefit with the SDRS Benefit Calculator

For many members the prospect of retiring and enjoying years of travel and leisure is very attractive. But the question arises, "Will you have enough income to maintain your standard of living?"

As you wander down this mental path, you can answer that question quickly by plugging a few numbers into the SDRS Benefit Calculator. Easy to use, the calculator is an invaluable tool in retirement planning. To find the calculator, log on to the SDRS Web site at <http://www.state.sd.us/sdrs/PlanningforRetirement/CalculatingSDRSBenefit.htm>.

The calculator allows you to estimate the effect various retirement dates, years of credited service and final average salaries will have on

your SDRS retirement benefit.

Whether you are just starting, in the middle or near the end of your career, you will find it useful to project your monthly benefit.

The calculator is particularly useful if you are: planning when to retire; considering obtaining additional service; or deciding whether to accept a new job.

To use the calculator, simply enter a few facts:

- your type of credited service, such as Class A
- the month and four-digit year you were born
- the month and four-digit year you plan to retire
- the amount of credited service you have prior to July 1, 2002
- your annual salary for the last 12 months

After entering these facts, click on "Calculate" and the Benefit Calculator does the math for you, estimating your monthly SDRS lifetime retirement benefit in today's dollars.

If you want to calculate

how a different retirement date, annual salary or purchase of service would affect your SDRS benefit, enter alternative data to receive a new estimate. Comparing these estimates can help you determine the best time to retire.

For example, suppose a 50-year-old Class A member with 20 years of credited service and an annual salary of \$50,000 wants to determine how much of a financial difference it would make for him to retire at age 60 versus age 65.

To estimate his monthly lifetime retirement benefit if he retired at age 60, he would enter the following information into the calculator:

- Class A credited service
- June 1952 birth date
- June 2012 retirement date
- 20 years of credited service before July 1, 2002
- \$50,000 annual salary for the last 12 months

With this information, the calculator would estimate his SDRS benefit to be \$2,000 per month.

To estimate his benefit if he retired at age 65, he simply would change the retirement date to June 2017. In this case, the calculator would show an estimated benefit of \$2,322.91. By comparing these two estimates, this member would

find that working until age 65 would provide a \$322.91 (16 percent) increase in his initial monthly SDRS retirement benefit.

To estimate how the purchase of two years of service would improve his benefit, he would insert 22 years instead of 20 years for credited service before July 1, 2002.

The benefit calculator would then show that if he retired at age 60 with 22 years of credited service, his estimated monthly lifetime benefit would be \$2,135.41. So by purchasing the extra two years of service, he would increase his estimated lifetime retirement benefit by \$135.41 (6.8 percent) per month.

In any case, his monthly lifetime retirement benefit would be protected against inflation by SDRS' annual 3.1 percent cost-of-living adjustment.

#### Helpful Hints

As you use the SDRS Web site's Benefit Calculator, please note the following:

Benefit Calculator	
1. Choose one of the following types of credited service:	<input checked="" type="radio"/> Class A <input type="radio"/> Class B: Public Safety <input type="radio"/> Class B: Judicial
2. Enter the month and four-digit year you were born:	<input type="text"/> month <input type="text"/> year
3. Enter the month and four-digit year you plan to retire:	<input type="text"/> month <input type="text"/> year
4. Enter the amount of credited service you have prior to July 1, 2002:	<input type="text"/> years <input type="text"/> months
5. Enter your annual salary for the last 12 months:	\$ <input type="text"/>
6. Calculate →	<input type="button" value="Calculate"/> <input type="button" value="Reset Numbers"/>
<b>Your Monthly SDRS Lifetime Retirement Benefit:</b> \$ <input type="text"/>	

- Pressing the Tab key allows you to move easily from one field to the next.
- If you have both Class A and Class B credited service, calculate each service separately and add the benefit estimates. (If you have both Class A and Class B service and wish to retire early, your SDRS Personal Benefits Statement may give you the most accurate estimate.)
- The estimate assumes you will continue to make contributions to SDRS until the month prior to the retirement date you have indicated.

- The calculator estimates your benefit in today's dollars, based on the annual salary you enter. Your actual benefit will be based on your final average salary, which is the highest 12 consecutive calendar quarters during your last 40 calendar quarters of membership, subject to limitations. If your final average salary is higher, your monthly SDRS benefit also will be higher.
- If you plan to retire within the next 12 months, contact an SDRS benefit specialist for a more accurate estimate by calling (605) 773-3731.



● For more information about the South Dakota Retirement System, check out the Web: <http://www.state.sd.us/sdrs/> ●



## Do You Have an Appointment?

The system's retirement specialists regularly help SDRS members who are planning to retire or obtain additional service or have questions about their benefits, but they aren't always available at a moment's notice. Meetings, visits with members and processing applications and requests quickly fill a retirement specialist's day.

If you would like to meet with a retirement specialist, please schedule an appointment by calling SDRS at (605) 773-3731. By setting up an appointment, you will allow your retirement specialist time to

prepare for your visit, and you'll avoid the possibility of having to wait until someone can help you.



## In Memoriam: Al Hartog

Al Hartog, former Executive Secretary of the Teachers Retirement System that was consolidated into SDRS, passed away on July 31, 2002.

## Supplemental Retirement Plan



One of the best tax-deferred methods of investing for your retirement

For more information, call the SRP Office at 1-800-959-4457.



## Board Notes

*The following is a summary of major issues that came before the SDRS Board of Trustees at its meeting on June 19, 2002, and a subsequent meeting with the Legislature's Retirement Laws Committee on June 20, 2002.*

### BOARD OF TRUSTEES MEETING, JUNE 19, 2002

#### Election Results:

The board approved the results of the 2002 elections to the SDRS Board. (For election details see cover story.)

#### FY2004 Budget Request:

The board adopted the proposed SDRS and SRP budgets for 2004.

#### Investment Update:

Steve Myers, State Investment Officer, reported on SDRS' fund returns for the fiscal year to date.

#### SDRS Funded Status:

Paul Schrader, consulting actuary,

reviewed SDRS' current funded status and presented various projections for the future based on different investment return scenarios.

#### SDSEO Resolutions:

Ken Melius, Executive Director of the South Dakota State Employees Organization, presented resolutions adopted by their House of Delegates relating to SDRS for the board's consideration.

#### Member Issues:

The board reviewed the Member Issues File and discussed proposed member issues.

### RETIREMENT LAWS COMMITTEE MEETING, JUNE 20, 2002

#### Presentations:

Mr. Al Asher reviewed SDRS' Membership and Experience Report. Steve Myers announced SDRS' year-to-date

investment return. Paul Schrader reviewed SDRS' funded status and projections for the Reserve for Long Term Benefit Goals based on various investment return scenarios.

#### Retire/Rehire Issue:

Paul Schrader presented and explained the alternatives to the retire/rehire issue previously analyzed by the board in making its recommendation to the Retirement Laws Committee that no changes be made to the current provisions. Testimony was heard from employer and employee groups and the subject was discussed in detail.

#### Trustee Attendance at Board Meeting

**Present:** Brian Berglin, Elmer Brinkman, Carol Burch, Tracy Dahl-Webb, James Hansen, Royce Hueners, Louise Loban, KJ McDonald, Dave Merrill, Steve Myers, Pam Roberts, Lowell Slyter, Wes Tschetter, Don Zeller, Sandy Zinter, Steve Zinter

**Absent:** Robert Overturf

Royce Hueners is currently serving his third term as mayor of Madison. He has represented elected municipal officials on the SDRS Board of Trustees since 2001.



Royce Hueners

***“There are some financial advantages to working longer, especially if you live beyond the normal life expectancy.”***

## **OUTLOOK** Interview

*Nearly 75 percent of SDRS members who retire take advantage of either “Regular” or “Special” early retirement. Board member Royce Hueners explains the difference between the two provisions and how members typically use these provisions today.*

**Outlook: Why do the majority of SDRS members retire early — before the age of 65?**

**Hueners:** While we don’t have hard statistics on this, my sense is that members often retire when their spouses do. Others choose to retire at a convenient time, such as at the beginning of the summer or before the winter holidays.

Besides these members, there are others who reach a point in their lives when they may want to change careers, maybe open their own business. In cases like these, SDRS’ early retirement provisions offer members the security of a guaranteed income while they’re trying something new.

**Outlook: So how do the early retirement provisions work?**

**Hueners:** If you are 55 or older, and your years of Class A credited service and age add up to at least 85, you meet the requirements for the Rule of 85. That qualifies you for Special Early Retirement, which

means you can retire before your normal retirement age with full benefits. For instance, a member with 30 years of Class A credited service could retire without any reduction at age 55.

**Outlook: Could you offer a real-life example?**

**Hueners:** Let’s say that a member has taught English for 25 years in the Belle Fourche school system and decides to resign and begin a career as a freelance writer. Because the member is age 60 and meets the Rule of 85, he can retire and receive a full benefit. It will probably take him a while to build up his client base and start earning a significant income, but, in the meantime, his SDRS retirement benefit will help support him. And, of course, the SDRS benefit will continue for the rest of his life. Plus, to guard against inflation, he will receive SDRS’ annual 3.1 percent cost-of-living adjustment.

**Outlook: How is this different from the alternative, Regular Early Retirement?**

**Hueners:** Regular Early Retirement applies to members who retire before their normal retirement age and don’t meet the Rule of 85. For instance, a Class A member who

retires at 60 with 24 years of service wouldn’t meet the rule. The member would then fall under Regular Early Retirement, which means his benefit would be reduced by 3 percent for each year he retired before meeting the Rule of 85. In this case, it would be one year, so his retirement benefit would be reduced by 3 percent.

**Outlook: Is there any financial advantage for members to wait until age 65 to retire?**

**Hueners:** Yes. Even Class A members who qualify for the Rule of 85 will boost the size of their annual benefit by working longer because they are adding to their years of service. And since an SDRS benefit also is based on final average salary, continuing to work may result in pay raises that will boost the benefit. Anytime you increase your final average salary or years of credited service, you increase your monthly SDRS retirement benefit for life — even if you live to be 110. So there are some financial advantages to working longer, especially if you live beyond the normal life expectancy. 